



U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

DEC 4 - 2018

Dave Hendricks
MuckRock News
DEPT MR 62951
411A Highland Avenue
Somerville, MA 02144-2516

Re: Your Freedom of Information Act (FOIA) Request
FOIA Control No.: 19-IGF-OIG-00005

Dear Mr. Hendricks:

This responds to your e-mail Freedom of Information Act (FOIA) request dated October 27, 2018, to the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General (OIG). Your request was received in this office on October 29, 2018.

You requested *"all records from the U.S. Department of Housing and Urban Development Office of Inspector General investigation of Juan Jose "J.J." Garza."*

Enclosed are 17 pages of the investigative report responsive to your request. Certain information has been withheld from these records pursuant to 5 U.S.C. § 552(b)(5), which protects intra-agency communications subject to the deliberative process privilege. The information withheld consists of investigative notes and internal recommendations.

Redactions were also made pursuant to 5 U.S.C. § 552 (b)(7)(C), which protects records or information compiled for law enforcement purposes, the release of which could reasonably be expected to constitute an unwarranted invasion of personal privacy. The information withheld consists of the names of special agents, individuals, addresses, third-parties, and other identifiable information listed in the file.

We reviewed 13 pages from the report. After redacting information protected under 5 U.S.C. §§ 552 (b)(5), (b)(7)(C) and (b)(7)(D), the OIG determined none were segregable and appropriate for release. This provision pertains to records or information compiled for law enforcement purposes the disclosure of which could reasonably be expected to constitute an unwarranted invasion of personal privacy and to disclose the identity of a confidential source.

In your second request dated November 8, you requested "*all records from the U.S. Department of Housing and Urban Development Office of Inspector General investigation of Jose Reynaldo Trevino, Ovidio Ramirez and the La Joya Housing Authority in La Joya, Texas.*"

Please be advised it is the general policy of the OIG to respond to all FOIA requests for records pertaining to specifically named individuals by refusing to confirm or deny the existence of such records. Lacking the subject individual's consent, proof of death, an official acknowledgement of an investigation, or an overriding public interest, even to acknowledge the existence of such records could reasonably be expected to constitute an unwarranted invasion of personal privacy. See, 5 U.S.C. § 552(b)(7)(C). This kind of response has been approved by the courts in numerous cases involving FOIA requests for records about private citizens and government officials.

With regard to any other documents, they would be in a system of records protected by the Privacy Act, 5 U.S.C. § 552a. The last notice of the OIG system of records can be found at 75 FR 82042 (Dec. 29, 2010). The Privacy Act prohibits the release of information about an individual without the person's written consent, unless a routine use for the release exists. We do not believe your request fits within any routine use for our records. If you believe it does, please inform us of the routine use.

Please be advised that, Robert Kwalwasser, Deputy Assistant Inspector General for Investigation, is the official responsible for this response.

If you are not satisfied with the response to this request, you may administratively submit an appeal pursuant to the Office of Inspector General's Freedom of Information Regulation, 24 CFR § 2002.25 (2010). This regulation provides for administrative review by the Inspector General of any denial of information. Your appeal must be postmarked or electronically transmitted within 90 days of the date of the response to your request. Both the letter and the envelope should be clearly marked "**Freedom of Information Act Appeal.**" Your appeal should be addressed to the FOIA Appeal Specialist, Office of Legal Counsel to Inspector General, U.S. Department of Housing and Urban Development, 451 7th Street, SW, Suite 8186, Washington, DC 20410, and should be accompanied by a copy of your initial request, a copy of this letter and your statement of circumstances, reasons and arguments supporting disclosure of the requested information.

Additionally, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows:

Office of Government Information Services,
National Archives and Records Administration,
8601 Adelphi Road-OGIS,
College Park, Maryland 20740-6001
E-mail: ogis@nara.gov;
Telephone: (202) 741-5770;
Toll free: 1-877-684-6448, or
Facsimile: (202) 741-5769

I trust that this information satisfies your request. If you need any further assistance or would like to discuss any aspect of your request please do not hesitate to contact our FOIA Requester Service Center at (202) 708-1613. Please reference the above FOIA number when making inquiries about this matter.

Sincerely,

/s/

Government Information Specialist (FOIA/PA)

Enclosure



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF INSPECTOR GENERAL

REPORT OF INVESTIGATION



Case Number: (b) (7)(C)

Region/Office: Region 6 (b) (7)(C)

Title: Juan Garza - Public Corruption - HA - ED
Juan Jose Garza, La Joya Housing Authority, La Joya, Texas

Narrative:

BASIS FOR INVESTIGATION:

HUD-OIG received a review from the United States Department of Housing and Urban Development's (HUD) Departmental Enforcement Center (DEC) regarding the La Joya Housing Authority (LJHA) located in La Joya, Texas. The DEC's review was after HUD's Office of Public Housing conducted a compliance assessment in February and March 2012 because of the designation as a "troubled" public housing authority. The review listed concerns about the LJHA's use of (b) (7)(C) in American Recovery and Reinvestment Act (ARRA) grant funds. The review revealed notable deficiencies in the LJHA's processes for maintaining, recording and disbursing funds. There were no apparent internal controls over the handling of ARRA funds and of practices that were in violation of the regulations governing procurement as well as use of the ARRA grant funds. Matters reviewed included procurement, interior door replacement, documentation supporting expenditures, check writing and cashing procedures, outstanding debt & ineffective management, executive director work schedule & salary, internal controls, allegations regarding payments (b) (7)(C) to assist in the Executive Director's election campaign for the local school board, allegations that the Executive Director's (b) (7)(C) may be involved in capital campaign fund contracts and doing business with other local housing authorities and found thirteen 1099's with (b) (7)(C) appearing as payees on checks with no contracts or service agreements with the LJHA. The DEC recommended the OIG further review into the allegations for wrongdoing.

SYNOPSIS:

The investigation revealed that Juan Jose Garza (GARZA), former LJHA Executive Director, (b) (7)(C) has received numerous contracts from several public housing authorities in the Rio Grande Valley. A review of general ledgers for (b) (7)(C) identified bribe payments made to a

Report by:

(b) (7)(C)

Approved by:

(b) (7)(C)

Date:

07/10/2018 10:23:52 AM

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(b) (7)(D)

In addition to bribery payments, GARZA asked other contractors for fictitious bids, created fictitious bids and over charged housing authorities for contract work (b) (7)(C)

The excess amount of the payments went to GARZA. The investigation also revealed that GARZA rigged bids and contracts at the La Joya Housing Authority to award his friends and people doing business with him contracts for kickbacks.

The U.S. Attorney's Office, Southern District of Texas indicted on the following two contracts:

Donna Housing Authority bathroom remodeling contract

GARZA devised a kickback scheme (b) (7)(D) that would award construction contracts directly (b) (7)(C) all contracts at the DHA were being awarded to GARZA (b) (7)(C) (b) (7)(D) all contracts awarded to (b) (7)(C) were meant for GARZA. The DHA bathroom renovations contract was awarded to GARZA (b) (7)(C) on December 14, 2012. The DHA paid a total of \$24,844 (b) (7)(C). GARZA paid (b) (7)(D) paid by GARZA. (b) (7)(D) by GARZA.

Bids submitted:

1. (b) (7)(C) approved on 12/14/2012
2. (b) (7)(C) dated 12/17/2012

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3. (b) (7)(C) dated 12/28/2012 (bid was submitted after the job was awarded)
4. (b) (7)(C) dated 11/21/2012 (contacted by and bid turned in to Donna Housing Authority (b) (7)(C))

Total Paid on job: (b) (7)(C)

(b) (7)(C)
(b) (7)(C)
(b) (7)(C)
(b) (7)(C)

(b) (7)(D)

- (b) (7)(D)
for GARZA. (b) (7)(D)
to avoid suspicion that GARZA was receiving a lot of jobs at the DHA. (b) (7)(C) GARZA's bid was false and was aware he would be receiving the job (b) (7)(C). (b) (7)(D)
from GARZA in exchange for the job.
2. (b) (7)(C) by GARZA.
 3. (b) (7)(C) and was hired and paid by GARZA.

Source of funds: Capital Improvements Funds

Alamo Housing Authority bathroom renovations contract at Macario Villarreal project

(b) (7)(C) Alamo Housing Authority (AHA) (b) (7)(C) informed that GARZA approached (b) (7)(C) to inquire about upcoming jobs at the AHA. After informing GARZA of a bathroom renovations job, GARZA offered to provide (b) (7)(C) with all three bids required for the job. (b) (7)(C) accepted GARZA's offer because (b) (7)(C) was consumed with other work. (b) (7)(C) informed that GARZA (b) (7)(C) provided a second bid under (b) (7)(C) (b) (7)(C) never met (b) (7)(C) or had (b) (7)(C) walk the property to see what

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Case Number: (b) (7)(C)

repairs needed to be done. GARZA provided (b) (7)(C) with the job's contract and notice to proceed. (b) (7)(C) that (b) (7)(C) did not receive anything of value for (b) (7)(C) the contract. (b) (7)(C) contract (b) (7)(C) were written with what appeared to be the same green ink pen. An FBI analysis of the documents revealed two of GARZA's finger prints on (b) (7)(C) bid. The AHA paid a total of (b) (7)(C) who worked on the job informed (b) (7)(C) was hired and paid by GARZA. (b) (7)(C) who worked on the job informed (b) (7)(C) was hired and paid by GARZA.

Bids:

1. (b) (7)(C) dated 7/31/2012 done with a green ink pen
2. (b) (7)(C) dated 7/24/2012
3. (b) (7)(C) undated done with a green ink pen (an FBI analysis determined there were two of GARZA's finger prints on the document)

Total Paid on job: (b) (7)(C)

(b) (7)(C)
(b) (7)(C)
(b) (7)(C)

(b) (7)(D)

1. (b) (7)(C) did not bid on the job (b) (7)(C)
2. (b) (7)(C) by GARZA.
3. (b) (7)(C) and was hired and paid by GARZA.
4. (b) (7)(C) GARZA asked (b) (7)(C) about work at the housing authority and told (b) (7)(C) he could provide (b) (7)(C) all three bids. Both GARZA (b) (7)(C).

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5. (b) (7)(C) GARZA produced the scope of work for the job and (b) (7)(C) GARZA produced the (b) (7)(C) to the AHA.

Notes:

1. Identical bid proposal form (b) (7)(C) that was submitted to the Alamo Housing Authority was found in GARZA's computer (b) (7)(C).
2. GARZA's bid dated 7/24/2012 was obtained from his computer. The document's properties show that the document was created on 7/31/2012, the same date (b) (7)(C) (b) (7)(C) bid.

Source of funds: Capital Improvements Funds

SUBJECT IDENTIFICATION:

Juan Jose GARZA

SSN: (b) (7)(C)

DOB: 3/2/1968

Texas DL: (b) (7)(C)

Address: (b) (7)(C)

(b) (7)(C)

SSN: (b) (7)(C)

DOB: (b) (7)(C)

Texas DL: (b) (7)(C)

Address: (b) (7)(C)

PROGRAM DESCRIPTION:

HUD is a federal agency whose central mission is to make quality, affordable housing accessible to all United States Citizens. In carrying out its mission, HUD oversees and funds a number of programs designed to provide affordable housing for low-income United States Citizens.

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The LJHA, DHA and AHA are local government agencies entrusted with building and maintaining affordable housing for the citizens of their communities. Each housing authority has a Board of Commissioners that are appointed by the City Mayor and they have governance responsibility over all activities related to their housing authority.

In fulfilling its mission, the housing authorities offer Public Housing and Section 8 services.

Housing Choice Voucher Program

The Housing Choice Voucher Program, also commonly referred to as Section 8 housing, is a rent subsidy program that assists low income families to obtain decent, safe, and sanitary housing in the private market. Eligible families and individuals must be low income, which means families and/or individuals who have income no higher than 80 percent of the area median income. If an eligible beneficiary receives a Section 8 voucher for subsidized housing assistance under the Housing Choice Voucher Program, HUD pays rent subsidies to the property owners/landlords. The rent subsidy, also known as Housing Assistance Payments (HAP), comprises the difference between what the tenant can pay based on income and other factors and the contract rent established for that geographical area. Public Housing Authorities (PHAs) administer this program for a fee for HUD. The PHA is responsible for paying the landlord/owner the HAP for a particular Section 8 tenant.

Low Rent/Public Housing

Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high-rise Apartments for elderly families. There are approximately 1.2 million households living in public housing units, managed by some 3,300 HAs. HUD administers Federal aid to local housing agencies (HAs) that manage the housing for low-income residents at rents they can afford. HUD furnishes technical and professional assistance in planning, developing and managing these developments.

Public housing is limited to low-income families and individuals. An HA determines your eligibility based on: 1) annual gross income; 2) whether you qualify as elderly, a person with a disability, or as a family; and 3) U.S. citizenship or eligible immigration status. If you are eligible, the HA will check your references to make sure you and your family will be good tenants. HAs will deny admission to any applicant whose habits and practices may be expected

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to have a detrimental effect on other tenants or on the project's environment.

Capital Fund Program

Under the Capital Fund Financing Program (CFFP), a PHA may borrow private capital to make improvements and pledge, subject to the availability of appropriations, a portion of its future year annual Capital Funds to make debt service payments for either a bond or conventional bank loan transaction.

Line of Credit Control System (LOCCS)

The LOCCS system is the HUD's primary grant disbursement system, handling disbursements for the majority of HUD programs. Customers (users and approving officials) are required to gain access to Secure System or FHA Connection. Both Secure System and FHA Connection serve as an internet gateway between the general public and the internal eLOCCS application. The requested payment amount is checked against the grant's available balance in LOCCS to ensure that the request does not exceed the grant's authorized funding limit. LOCCS will only allow one draw per day on a given grant, unless funds are requested by project or sub grantee. Once a request/draw is approved, funds are sent from the U.S. Treasury directly to the grantee's bank account, usually within 48 hours from the day the request is made.

DETAILS OF INVESTIGATION:

GARZA was employed as the Executive Director of the LJHA from approximately 1999 through 2016. GARZA is (b) (7)(C) and (b) (7)(C) which did business throughout the Rio Grande Valley and other surrounding areas. GARZA provided construction services to many housing authorities, private businesses and citizens. As the Executive Director for the LJHA, GARZA's responsibilities included supervision of personnel, all services rendered in connection with the employment of personnel, acquisition of services, submission of all reports, audits and other information required by HUD and other appropriate entities. GARZA also served as (b) (7)(C)

GARZA conspired (b) (7)(C) to defraud local public housing authorities and HUD by rigging contracts.

SEARCH WARRANT

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Case Number: [REDACTED]

On December 11, 2013 a search warrant was executed at the LJHA, DHA and GARZA's residence located [REDACTED] Contractor files and related records such as bids, invoices, contracts, checks, 1099's and other records (including electronic files) related to [REDACTED] were seized.

Contracts Indicted by the U.S. Attorney's Office Southern District of Texas listed as follows:

ALAMO HOUSING AUTHORITY MACARIO VILLARREAL DEVELOPMENT JOB

[REDACTED] dated 7/31/2012 revealed that the bid was all written with a green ink pen just as [REDACTED] payroll report for Tabasco I and bids for the Tabasco II job (Exhibit 1).

[REDACTED] which was undated revealed that the amount and signature were written with the green ink pen (Exhibit 2).

[REDACTED] submitted by GARZA was dated 7/24/2012 with an amount of \$24,900. A review of GARZA's computer revealed a document titled Crane Alamo Housing bath. The document's properties listed the document as being created on 7/31/2012 and not 7/24/2012 as listed on the bid. This is two days before the notice to proceed was [REDACTED].

A bid proposal form addressed [REDACTED] for the AHA for the Macario Villarreal Development bath renovations [REDACTED] and dated 8/1/2012 (Note: [REDACTED]).

A review of GARZA's computer revealed a document [REDACTED] revealed that a bid proposal form [REDACTED] and addressed to GARZA for a La Joya Housing Authority job was created on 8/1/2012, the same date [REDACTED] signed and dated [REDACTED] bid proposal form for the AHA job (Exhibit 5).

The form of contract [REDACTED] used for the AHA job was identical to the one used for the La Joya Housing Authority Tabasco II job (Exhibit 6).

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The form of notice to proceed and notice of award were also identical to the one used for the La Joya Housing Authority Tabasco II job (Exhibit 7).

(b) (7)(C) submitted three invoices for payment in the amounts of \$8,500, \$3,000 and \$8,450. All invoices were paid with AHA checks (Exhibit 8).

On August 7, 2012, (b) (7)(C) a LOCCS request in the amount of \$8,500 (Exhibit 9). The request was paid on August 9, 2012.

On August 30, 2012, (b) (7)(C) a LOCCS request in the amount of \$3,000 (Exhibit 10). The request was paid on September 4, 2012.

On September 12, 2012, (b) (7)(C) a LOCCS request in the amount of \$8,450 (Exhibit 11). The request was paid on September 14, 2012.

During (b) (7)(C) on April 3, 2014, (b) (7)(C) GARZA approached (b) (7)(C) and inquired about current work at the AHA. (b) (7)(C) GARZA that (b) (7)(C) had a bathroom cabinets and counters replacement job. (b) (7)(C) felt that GARZA could not do the job because it would be a conflict of interest since GARZA is the Executive Director of the LJHA. (b) (7)(C) that GARZA always asked (b) (7)(C) about jobs at the AHA involving Capital Fund Grants. (b) (7)(C) did not advertise the bathroom job because it was under the \$50,000 threshold and it only required (b) (7)(C) obtain three quotes. (b) (7)(C) that GARZA informed (b) (7)(C) that he could provide (b) (7)(C) all three quotes. (b) (7)(C) that GARZA did in fact provide (b) (7)(C) with all three quotes for the job. (b) (7)(C) GARZA's offer because (b) (7)(C) felt it was a good deal and easy to make the deal because (b) (7)(C) was consumed with work. The AHA received a quote from GARZA (b) (7)(C) A review of all three bids revealed an identical scope of work attached to them. (b) (7)(C) that (b) (7)(C) did not prepare the scope of work and did not provide one to any contractor. (b) (7)(C) did not know (b) (7)(C) was and has never met (b) (7)(C) never walked the property regarding the job.

(b) (7)(C) telephonically because (b) (7)(C) also had knowledge regarding the job. (b) (7)(C) that the AHA did not create or provide the contractors with a scope of work. (b) (7)(C) and GARZA provided their

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Case Number: (b) (7)(C)

own bids to the AHA. (b) (7)(C) Texas Driver's License and Social Security card when (b) (7)(C) turned in (b) (7)(C) bid. (b) (7)(C) that GARZA (b) (7)(C) provided (b) (7)(C) that GARZA provided (b) (7)(C) the contract and the notice to proceed. These documents should be produced by the housing authority. (b) (7)(C) that what (b) (7)(C) was wrong but (b) (7)(C) not take anything of value from GARZA in exchange for the contract (Exhibit 12).

During an interview with (b) (7)(C) on June 30, 2014, (b) (7)(C) was shown a bid under (b) (7)(C) project in the amount of \$23,500 for bathroom renovations. (b) (7)(C) that (b) (7)(C) did not prepare the document and had never seen it and noted that (b) (7)(C) name was misspelled and the signature on the document was not (b) (7)(C) (Exhibit 13).

During an interview (b) (7)(C) June 30, 2014, (b) (7)(C) informed that (b) (7)(C) did a job for GARZA at the AHA which consisted of bathroom repairs. (b) (7)(C) and three of (b) (7)(C) workers did the job (Exhibit 14).

During a second interview with (b) (7)(C) on July 14, 2014, (b) (7)(C) informed that (b) (7)(C) did restroom remodeling and repair jobs for GARZA at the AHA. (b) (7)(C) explained that GARZA contacted him regarding the job and (b) (7)(C) went to the AHA to take measurements in order to give GARZA a quote. After (b) (7)(C) completed the job, (b) (7)(C) contacted GARZA for payment. GARZA informed (b) (7)(C) that (b) (7)(C) would have to contact (b) (7)(C) regarding payment. In the end, GARZA paid (b) (7)(C) for his work in cash. (b) (7)(C) explained that all arrangements for the jobs were made with GARZA. (b) (7)(C) GARZA's errand boy who delivered materials to job sites on several occasions. A day later, (b) (7)(C) informed that (b) (7)(C) never asked or instructed (b) (7)(C) to open a construction company. (b) (7)(C) informed that (b) (7)(C) was never a subcontractor (b) (7)(C).

During an interview with (b) (7)(C) on July 14, 2014, (b) (7)(C) stated that (b) (7)(C) learned of a bathroom cabinet job at the AHA through GARZA. (b) (7)(C) which listed a scope of work that included cabinet work to be performed at the Macario Villarreal project. (b) (7)(C) recalled building cabinets for the job. (b) (7)(C) was contacted by GARZA who informed (b) (7)(C) of the job and recalled GARZA showing up to the job site to check on the progress of the job. Barron informed that Antonio Last Name Unknown was the other contractor present at the job site and was remodeling

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the apartment. After (b) (7)(C) completed the job, (b) (7)(C) gave GARZA an invoice and was paid by GARZA with (b) (7)(C). (b) (7)(C) stated that (b) (7)(C) cashed (b) (7)(C) check at Rio Bank for a fee because (b) (7)(C) does not have a bank account (b) (7)(C). (b) (7)(C) informed that (b) (7)(C) had never met or seen such person and (b) (7)(C) did not know who (b) (7)(C) was. (b) (7)(C) informed that (b) (7)(C) has never been subcontracted by (b) (7)(C). (b) (7)(C) understanding was that GARZA was awarded the AHA job because GARZA hired (b) (7)(C) and paid him for (b) (7)(C) work (Exhibit 16).

DONNA HOUSING AUTHORITY BATHROOM REMODELING JOB

(b) (7)(C) proposal for twenty-eight lavatories and other work was undated with a (b) (7)(C). The proposal acceptance was approved and signed (b) (7)(C).

(b) (7)(C) placed by GARZA was dated 12/17/2012 with (b) (7)(C). (b) (7)(C) was dated three days after the approval of the (b) (7)(C) (Exhibit 18).

An (b) (7)(C) was dated 12/28/2012 with (b) (7)(C). (b) (7)(C) was dated eighteen days after the approval of (b) (7)(C) (Exhibit 19).

The (b) (7)(C) was dated 11/21/2012 with (b) (7)(C) (Exhibit 20).

U.S. Department of Labor (b) (7)(C). The signatures on several of the payroll forms do not appear to match (b) (7)(C) true signature. The handwriting on the forms appears to belong to (b) (7)(C) GARZA (Exhibit 21).

(b) (7)(C) submitted four invoices for payment. (b) (7)(C) was paid with DHA checks (b) (7)(C) over his proposal amount after he submitted an invoice for payment on a change order. Change orders are used as a scheme by some contractors in order to make the difference on a bribe payment (Exhibit 22).

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On August 30, 2012, (b) (7)(C) a LOCCS request in the amount of \$44,485 (Exhibit 23). The request was paid on September 4, 2012.

On October 16, 2012, (b) (7)(C) a LOCCS request in the amount of \$2,440 (Exhibit 24). The request was paid on October 18, 2012.

On November 1, 2012, (b) (7)(C) a LOCCS request in the amount of \$6,812.50 (Exhibit 25). The request was paid on November 5, 2012.

On November 28, 2012, (b) (7)(C) a LOCCS request in the amount of \$850 (Exhibit 26). The request was paid on November 30, 2012.

On December 12, 2012, (b) (7)(C) a LOCCS request in the amount of \$1,850 (Exhibit 27). The request was paid on December 14, 2012.

On December 18, 2012, (b) (7)(C) a LOCCS request in the amount of \$11,995 (Exhibit 28). The request was paid on December 20, 2012.

On February 5, 2013, (b) (7)(C) a LOCCS request in the amount of \$9,596 (Exhibit 29). The request was paid on February 7, 2013.

On March 19, 2013 (b) (7)(C) a LOCCS request in the amount of \$2,399 (Exhibit 30). The request was paid on March 21, 2013.

During (b) (7)(C) first interview on December 11, 2013, (b) (7)(C) was asked about a bid placed for the DHA to remodel restrooms. (b) (7)(C) LNU (later identified (b) (7)(C) told (b) (7)(C) about the job. (b) (7)(C) that (b) (7)(C) signed the contract but did not remember the details of the contract (Exhibit 31).

During (b) (7)(C) second interview on July 15, 2014, (b) (7)(C) informed that prior to the formation (b) (7)(C) never bid on any jobs at a housing authority and had no experience in construction prior to starting (b) (7)(C) company (Exhibit 32).

During a second interview with (b) (7)(C) on July 14, 2014, (b) (7)(C) was shown a scope of work for bathroom remodeling which consisted of twenty eight lavatory cabinets, toilets, medicine

REPORT OF INVESTIGATION

Case Number: (b) (7)(C)

cabinets, flooring and painting. (b) (7)(C) recalled working the job and informed that (b) (7)(C) learned of the job through GARZA. GARZA informed (b) (7)(C) would be paying (b) (7)(C) for (b) (7)(C) work on the remodeling. (b) (7)(C) informed that (b) (7)(C) never dealt (b) (7)(C) and found it odd that (b) (7)(C) would pay (b) (7)(C) since (b) (7)(C) was hired by GARZA and did the work for GARZA. In the end, GARZA paid (b) (7)(C) in cash. (b) (7)(C) was shown a U.S. Department of Labor (b) (7)(C) for week ending 12/21/2012 and another for week ending 1/4/2013. The forms listed (b) (7)(C). (b) (7)(C) informed during (b) (7)(C) interview that (b) (7)(C) worked for GARZA and not (b) (7)(C) (Exhibit 33).

During an interview with (b) (7)(C) on July 14, 2014, (b) (7)(C) was shown a DHA scope of work which listed the replacement of twenty-eight lavatory cabinets. (b) (7)(C) recalled working on the job and informed that (b) (7)(C) learned of the job from GARZA. (b) (7)(C) explained that (b) (7)(C) built the cabinets and they were installed by (b) (7)(C) Last Name Unknown. (b) (7)(C) did not recall if he was paid by GARZA or by the DHA but did recall cashing a check at First National Bank after he was paid. Barron informed that it was his understanding the job had been awarded to GARZA because GARZA hired (b) (7)(C) to do the cabinets' job. (b) (7)(C) was shown a U.S. Department of Labor (b) (7)(C) (b) (7)(C) informed that (b) (7)(C) has never worked for or built cabinets (b) (7)(C) (Exhibit 34).

During an interview with (b) (7)(C) on July 1, 2014, (b) (7)(C) that (b) (7)(C) learned of the job after (b) (7)(C) was contacted by (b) (7)(C) Last Name Unknown, (b) (7)(C) walked the site and prepared the bid (b) (7)(C) did not win the job (Exhibit 35).

During an interview (b) (7)(C) on July 1, 2014, (b) (7)(C) that a few years ago (b) (7)(C) provided the DHA with the engineering services necessary to redesign DHA parking areas. (b) (7)(C) (b) (7)(C) for twenty-eight lavatories and other work for the DHA. (b) (7)(C) recalled walking the site and placing a bid, however, (b) (7)(C) did not get the job. (b) (7)(C) did not remember who (b) (7)(C) interacted with at the DHA (Exhibit 36).

During (b) (7)(D) was work that was meant for GARZA. (b) (7)(C)

REPORT OF INVESTIGATION

Case Number: (b) (7)(C)

- Search Warrant Records from (Garza's residence, LJHA and Donna Housing Authority)
- (b) (5), (b) (7)(D)
- (b) (7)(C) laptop records
- Rio Bank; (b) (7)(C)
- Compass Bank; (b) (7)(C) records
- First National Bank; (b) (7)(C) records
- JP Morgan Chase; (b) (7)(C) records
- Texas Community Bank; (b) (7)(C)
- Lone Star National Bank; Mercedes Quarterback Club
- (b) (7)(C) iPhone records
- LOCCS records
- Texas Municipal League records
- Systems & Services Technologies records
- (b) (7)(C) records (re: LJHA ARRA job)

DISPOSITION:

GARZA (b) (7)(C) were indicted in the Southern District of Texas on September 13, 2016 for violations of 18 U.S.C. § 1349 and § 1343 (One Count) and 18 U.S.C. § 1343 and § 1342 (Seven Counts).

GARZA (b) (7)(C) were both arrested on September 16, 2016.

On May 3, 2017, GARZA (b) (7)(C) entered into a plea agreement and plead guilty to one count of 18 U.S.C. § 1343.

On April 18, 2018, GARZA was sentenced to 37 months incarceration, 24 months supervised release and a \$100.00 fee.

On April 18, 2018, (b) (7)(C) was sentenced to 18 months incarceration, 24 months supervised release and a \$100.00 fee.

Departmental Enforcement Center (DEC):

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REPORT OF INVESTIGATION

Case Number: (b) (7)(C)

On September 19, 2016, (b) (5) for GARZA and (b) (7)(C) after they were indicted in the Southern District of Texas.

On November 16, 2016, (b) (5) GARZA (b) (7)(C) from participation in procurement and non-procurement transactions as a participant or principal with HUD and throughout the Government.

On May 5, 2017, (b) (5) for GARZA (b) (7)(C) after they plead guilty to one count of 18 U.S.C. § 1343.

Evidence:

On June 6, 2018, (b) (7)(C) Southern District of Texas, gave concurrence to return all the evidence obtained through search warrants.

EXHIBITS:

1. Alamo Housing Authority bids
2. Alamo Housing Authority bids
3. Alamo Housing Authority bids
4. Alamo Housing Authority bid proposal form – notice to proceed
5. (b) (7)(C) – bid proposal form
6. La Joya Housing Authority Tabasco II forms of contract (Jimenez)
7. La Joya Housing Authority Tabasco II forms of contract (Jimenez)
8. Alamo Housing Authority – Jimenez invoices & checks
9. Alamo Housing Authority LOCCS
10. Alamo Housing Authority LOCCS
11. Alamo Housing Authority LOCCS
12. 20140403 (b) (7)(C)
13. 20140630 (b) (7)(C)
14. 20140630 (b) (7)(C)
15. 20140714 (b) (7)(C)
16. 20140714 (b) (7)(C)
17. Donna Housing Authority bids, Davis Bacon, (b) (7)(C) invoices & checks
18. Donna Housing Authority bids, Davis Bacon, (b) (7)(C) invoices & checks

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19. Donna Housing Authority bids, (b) (7)(C) invoices & checks
20. Donna Housing Authority bids, (b) (7)(C) invoices & checks
21. Donna Housing Authority bids, (b) (7)(C) invoices & checks
22. Donna Housing Authority bids, (b) (7)(C) invoices & checks
23. Donna Housing Authority LOCCS
24. Donna Housing Authority LOCCS
25. Donna Housing Authority LOCCS
26. Donna Housing Authority LOCCS
27. Donna Housing Authority LOCCS
28. Donna Housing Authority LOCCS
29. Donna Housing Authority LOCCS
30. Donna Housing Authority LOCCS
31. 20131211 (b) (7)(C)
32. 20140715 (b) (7)(C)
33. 20140714 (b) (7)(C)
34. 20140714 (b) (7)(C)
35. 20140701 (b) (7)(C)
36. FD 302 (b) (7)(C)
37. 20141022 (b) (7)(D) restroom
38. 20131211 (b) (7)(C)
39. 20140715 (b) (7)(C)
40. 20140630 (b) (7)(C)
41. 20140630 (b) (7)(C)
42. 20140714 (b) (7)(C)
43. 20140630 (b) (7)(C)
44. 20140701 (b) (7)(C)
45. 20140729 (b) (7)(D)
46. TML claim details – LJHA
47. TML claims damage award
48. 20140826 (b) (7)(C)
49. Tabasco I & II roof photographs
50. (b) (7)(C) photographs (fence job)
51. 20130726 (b) (7)(C)
52. 20130730 (b) (7)(C) recording
53. 20130802 (b) (7)(D)
54. 20130802 (b) (7)(D)
55. 20140715 (b) (7)(C)

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Case Number: (b) (7)(C)

- 56. 20131211 (b) (7)(C)
- 57. 20140714 (b) (7)(C)
- 58. Cedar fence bids, statements and LOCCS
- 59. Cedar fence bids, statements and LOCCS
- 60. Cedar fence bids, statements and LOCCS
- 61. Cedar fence bids, statements and LOCCS
- 62. 20140327 (b) (7)(C)
- 63. 20140327 (b) (7)(C)
- 64. (b) (7)(C) invoice 494786
- 65. 20140327 (b) (7)(C)
- 66. (b) (7)(C) invoice 494794
- 67. 2014 (b) (7)(C)
- 68. 20140218 (b) (7)(C)
- 69. 20140327 (b) (7)(C)
- 70. 20140218 (b) (7)(C)
- 71. 20140327 (b) (7)(C)
- 72. 20140402 (b) (7)(C)
- 73. 20140107 (b) (7)(C)
- 74. 20140714 (b) (7)(C)
- 75. (b) (7)(C)
- 76. FD 302 consensual recording of (b) (7)(C)
- 77. 20140822 FD 302 consensual recording of (b) (7)(C)
- 78. 20140728 FD 302 consensual recording of (b) (7)(C)
- 79. 20140206 (b) (7)(C)
- 80. 20140805 (b) (7)(D), (b) (7)(C) consensual recording review
- 81. 20140819 consensual recording review of (b) (7)(C)
- 82. 20140820 Review of consensual recording date of capture 20140820
- 83. 20140827 Review of consensual recording (b) (7)(C)
- 84. 20141030 Consensual recording review (b) (7)(D)
- 85. 20141103 Review of bribe payment (b) (7)(D)
- 86. 20141208 (b) (7)(C) consensual recording (b) (7)(C)

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